## CONTRACT #12 RFS # 332.34-03-07

# University of Tennessee Health Science Center College of Medicine

VENDOR:
Galen Medical Center



## THE UNIVERSITY of TENNESSEE

#### Vice President for Administration and Finance

711 Andy Holt Tower Knoxville, TN 37996-0174 Phone: (865) 974-2243 Fax: (865) 974-1324

September 28, 2006

Mr. Jim White
Executive Director
Fiscal Review Committee
320 Sixth Avenue, North – 8<sup>th</sup> Fioor
Nashville, TN 37243-0057

RECEIVED
OCT 0 3 2006

FISCAL REVIEW

Dear Mr. White:

The University of Tennessee is submitting a non-competitively bid contract exceeding \$250,000 for review in accordance with Public Chapter 413, Public Acts of 2003:

#### Contract with Galen Medical Center

The Galen Medical Center provides teaching and resident supervisory services in the university's internal medicine residency program during the resident's subspecialty rotation in gastroenterology. The proposed contract is a two-year contract with a maximum cost of \$246,000. This contract is before the committee for review as the original contract with the Galen Medical Center was for the period July 1, 2004 through June 30, 2005 with a maximum cost of \$120,000. The result is on-going cost of this non-competitively bid contract exceeding \$250,000. The original contract is referenced as Exhibit B in the proposed contract and is included in this transmittal for your review.

The Health Science Center has historically entered into annual contracts and fiscal staff are diligently reviewing our records to ensure that these contracts are presented for the committee's review. Because neither of these two contracts met the \$250,000 dollar review threshold, we had not previously identified the proposed contract as needing the committee's review. The pending release of a new contract reporting system should help address this oversight.

Please let me know if you or others have questions or need additional information for the attached contract.

Sincerely.

Sylvia Shannon Davis

Vice President for Administration and Finance

Attachment

C:

Dr. John D. Petersen

Mr. Anthony Ferrara

Mr. Anthony Haynes

Dr. William Owen

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		* W. S. P. S. S. W. S. S.	A CONTRACTOR OF THE CONTRACTOR				, ,		. <u></u>			*
Teaching	services m	ust be provided	by paid or	clinical faculty a	nd take pla	ace at our af	filiate i	instititic	ns in Chatta	nooga	ì.	

## THE UNIVERSITY OF TENNESSEE REQUEST: NON-COMPETITIVE CONTRACT

APPROVED:	
	Date
UT System Office Approval	Date

req	ch of the request items bek juest cannot be considered juirements individually as r	if information provided is inc	tion that <u>must</u> be individually de complete, non-responsive, or do	tailed or addressed <u>as required</u> . A es not clearly address each of the
1)	UT Tracking Number	332.34-03-07		
2)	Campus/Institute Name	The University of Tennessee	Health Science Center	
3)	Short Description:	Resident teaching and super	visory services	
4)	Proposed Vendor:	Name:	Galen Medical Group	
		Vendor Number:	1016787	
, 		Vendor ID:	65-1508884	
5)	Contract Start Date:			7/1/05
6)	Contract End Date IF <u>all</u> C	Options to Extend the Contrac	et are Exercised :	6/30/07
7)	Total Maximum Cost IF <u>al</u>	l Options to Extend the Contr	ract are Exercised :	\$246,000
8)	Approval Criteria : (select one)	use of Non-Competitive N	legotiation is in the best interest	of the university
		only one uniquely qualifie	ed service provider able to provi	de the service
9)	Detailed Description of So	ervice to be Acquired :		
pre wh	ceptors to train and supervis o are participating in Contrac	de resodemts who are participa	; to participate in the didactic comp	cable; to trainand supervise residents
10)	Explanation of the Need f	or or Requirement Placed on	the Procuring Agency to Acquir	re the Service :
The	e Galen Medical Group is the vices to the Department of In	group practicing at Erlanger hoternal Medicine for the Chattan	ospital that holds clinical faculty ap nooga residents and medical stude	pointments who provide teaching nts.
11)	Explanation of Whether the	ne Procuring Agency Bought	the Service in the Past, & if so,	What Procurement Method It Used :
	e University had a previous c npetitively bid.	ontract with the Galen Medical	Group from July 1, 2004 through J	une 30, 2005 that was non-
12)	Name & Address of the P	roposed Vendor/Contractor(s	3):	

(not required if proposed contractor is a state education institution)	
Galen Medical Group, Division of Gastroenterology, 6918 Shallowford Road, Chattanooga, TN 3	7421
13) Evidence of the Proposed Vendor/Contractor's Experience and Length of Experience I	Providing the Service :
UT College of Medicine Chattanooga has contracted with Galen Medical Group since 7/1/2001 fo	r this service.
14) Documentation of Office for Information Resources Endorsement. N/A\ (required only if the subject service involves information technology)	
15) Documentation of Department of Personnell Endorsement NIA: (required only if the subject service involves training for state employees).	
16) Documentation of State Architect/Endorsement. N/A (required only if the subject services architection of real property related services).	可有多。
17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurer	ment Alternatives :
Teaching services must be provided by the paid or clinical faculty and must take place at our affili System, the Medicine Clinic, or private practice of the faculty member so it is not possible to bid the	iate institutuion, Erlanger Health nis teaching requirement.
18) Justification of Why the University Should Use Non-Competitive Negotiation Rather The (Being the "only known" or "best" service provider to perform the service as desired will not be	nan a Competitive Process: e deemed adequate justification.)
Teaching services must be provided by the paid or clinical faculty and must take place at a Health System, the Medicine Clinic, or the private practice of the faculty member. Erlanger Medicine- Chattanooga's affliated hospital, provides funding for graduate medical education funding for this contract.	r Health System, the College of
APPROVALS:	
\$50,000 or Less	
Department Head or Designee	Date
Campus/Unit Purchasing Officer or Designee	Date
Chancellor/Chief Business Officer or Designee	Date
Additional Approval (System) Greater than \$50,000	
Vice President or their Designee	Date
Additional Approval \$250,000 or Greater	

#### THE UNIVERSITY OF TENNESSEE CONTRACT

This Contract, made and entered into on June \_\_\_\_\_, 2006, documents the agreement between The University of Tennessee through its College of Medicine-Chattanooga (hereinafter University) and Galen Medical Group (Gastroenterology) (hereinafter Contractor).

This Contract consists of this cover page, the University's Standard Terms and Conditions, and 6\_additional pages. Terms contained on this cover page and the University's Standard Terms and Conditions shall prevail over those of any attachment unless otherwise stated under "Other tenns" below.

Contractor will provide the following: Teaching services for residents in the University Internal Medicine Residency Program during the resident's subspecialty rotation in gastroenterology ("specialty rotation"). As used herein, "teaching services" shall include, but not be limited to: the supervision and teaching of residents as part of the specialty rotation; to serve as preceptors to train and supervise residents who are participating in the specialty clinic, if applicable; to train and supervise residents who are participating in Contractor's private practice, if applicable; to participate in the didactic component of resident training, as applicable; to participate in resident training rounds, as applicable to specialty; and provide specialty consults for service patients.

The period of performance under this contract is from July 1, 2005 through June 30, 2007. However, the University may terminate this Contract by giving the Contractor at least thirty (30) days' written notice before the effective termination date. Contractor may terminate this Contract by giving the University at least thirty (30) days' written notice before the effective termination date if one of Contractor's physicians who had been providing teaching services pursuant to this Contract becomes unable to teach for any reason, and Contractor is unable to replace such physician after reasonable efforts. In the event either party should terminate this Contract by notice, the Contractor shall be entitled to receive equitable compensation for satisfactory authorized work completed as of the termination date.

The University will compensate the Contractor \$120,000.00 for the first year of the Contract July 1, 2005 - June 30, 2006. The University will compensate the Contract \$10,500.00 per month for a total of \$126,000.00 in second year of the Contract July 1, 2006-June 30, 2007.

Other payment terms: Payments to the Contractor shall be made on or before either the thirtieth (30th) day or the last day of the month following the month in which teaching services are rendered.

The University's maximum liability under this Contract is \$246.000.00.

Other terms (N/A if none): (1) All physicians involved in the instruction of medical students and residents will hold a faculty appointment with the Chattanooga Unit of the UT College of Medicine ("UTCOM"); (2) Contractor shall complete and return to UTCOM a monthly log of teaching services per physician on the form attached hereto as Exhibit A as may be updated from time to time by University; (3) Each party to this Contract represents and warrants that the compensation paid pursuant to this Agreement is and shall be based upon the fair market value of such services and has not been determined in a manner that takes into account or otherwise reflects referrals to, or other business generated by, Contractor or Contractor's physicians to either UTCOM or Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Medical Center ("Erlanger"); (4) to the extent that Contractor shall provide resident teaching services in non-Erlanger space, Contractor shall execute a resident rotation agreement with Erlanger as attached hereto as Exhibit B; and (5) Contractor hereby warrants that any physician receiving compensation for the performance of services pursuant to this agreement is, and shall continue to be, compensated based upon the fair market value of services rendered by that physician and not in a manner that takes into account or otherwise reflects referrals to, or other business generated by, such physician to either UTCOM or Erlanger.

In witness of their acceptance of the terms of this agreement, the parties have had this Contract executed by their duly authorized representatives.

FOR CONTRACT	rok: )
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(Simpature)	7

Walter D. Parkhurst

(Please type name) <u>President</u>

(Title)

Address:

Galen Medical Group Div. of Gastroenterology 6918 Shallowford Road Chattanooga, TN 37421

(423) 266-1131 Telephone No.

62-1508884 SS No. Or Fed Id. No.

N TEB 464575 v1 2825998-000001 05/19/2004 FOR UNIVERSITY:

Department Name

Chattanooga Unit UT College of Medicine

Responsible Account (If applicable)

Erlanger Support E094505

Administrative Signatures

R.G. Blankenbaker, M.D., Assoc. Dean, Chatta, Unit

Anthony A. Ferrara Vice Chancellor Finance & Operations

#### STANDARD TERMS AND CONDITIONS

- The University is not bound by this Contract until it is approved by the appropriate University official(s) indicated on the signature
  page of this Contract.
- This Contract may be modified only by a written amendment which has been executed and approved by the appropriate parties as indicated on the signature page of this Contract.
- The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without
  obtaining the prior written approval of the University.
- 4. Unless otherwise indicated on the reverse, if this Contract provides for reimbursement for travel, meals or lodging, such reimbursement must be made in accordance with University travel policies.
- 5. The Contractor warrants that no part of the total Contract amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to Contractor in connection with any work contemplated or performed relative to this Contract, and that no employee or official of the State of Tennessee holds a controlling interest in the Contractor. If the Contractor is an individual, the Contractor certifies that he/she is not presently employed by the University or any other agency or institution of the State of Tennessee; that be/she bas not retired from or terminated such employment within the past six months; and that he/she will not be so employed during the term of this Contract.
- 6. The Contractor shall maintain documentation for all charges against the University under this Contract. The books, records and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the University or the Comptroller of the Treasury, or their duly appointed representatives. These records shall be maintained in accordance with generally accepted accounting principles.
- 7. No person on the grounds of disability, age, race, color, religion, sex, national origin, veteran status or any other classification protected by Federal and/or Tennessee State constitutional and/or statutory law shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract. The Contractor shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notice of non-discrimination.
- 8. The Contractor, being an independent contractor, agrees to carry adequate public liability and other appropriate forms of insurance, and to pay all taxes incident to this Contract. The University shell have no liability except as specifically provided in this Contract.
- 9. The Contractor shall comply with all applicable Federal and State laws and regulations in the performance of this Contract.
- 10. This Contract shall be governed by the laws of the State of Tennessee, which provide that the University has liability coverage solely under the terms and limits of the Tennessee Claims Commission Act.
- 11. The Contractor shall avoid at all times any conflict of interests between his/her duties and responsibilities as a Contractor and his/her interests outside the scope of any current or future Contracts. The following principles define the general parameters of a conflict of interests prohibited by the University:
  - A. A Contractor's outside interests shall not interfere with or compromise his/her judgment and objectivity with respect to his/her duties and responsibilities to the University.
  - B. A Contractor shall not make or influence University decisions or use University resources in a manner that results in:
    - Financial gain outside any current or future Contracts for either the Contractor or his/her relatives or
    - Unfair advantage to or favored treatment for a third party outside the University.
  - C. A Contractor's outside financial interests shall not affect the design, conduct, or reporting of research.

The Contractor certifies that he/she has no conflicts of interests and has disclosed in writing the following:

- A. Any partners or employees of the Contractor who are also employees of the University.
- B. Any relatives of the Contractor's partners or employees who work for the University.
- C. Any outside interest that may interfere with or compromise his/her judgment and objectivity with respect to his/her responsibilities to the University.
- 12. If the Contractor fails to perform properly its obligations under this Contract or violates any term of this Contract, the University shall have the right to terminate this Contract immediately and withhold payments in excess of fair compensation for completed services. The Contractor shall not be relieved of liability to the University for damages sustained by breach of this Contract by the Contractor.
- 13. It is understood by the Contractor that the University will possess all rights to any creations, inventions, other intellectual property, and materials, including copyright or patents in the same, which arise out of, are prepared by, or are developed in the course of the Contractor's performance under this Contract. The Contractor and the University acknowledge and agree that the Contractor's work under this Contract shall belong to the University as "work-made-for-hire" (as such term is defined in U.S. Copyright Law).

## EXHIBIT A

## **EHS RESIDENT SUPERVISION SCHEDULE**

[Name of Attending]	[Site of Service Delivery]
	Month, Year

Day of Month	Residents Supervised on that Day
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N TEB 464575 v1 2825998-000001 05/19/2004

By signing this document, I hereby with respect to the residents name	certify that I supervised and engaged in teaching activities on the days listed.
Attending Name	Data
Attending Name	Date
Please return this form to University attention of Jane Clay, Business Man	of Tennessee College of MedicineChattanooga Unit to the ager.
The Department of Internal N meet the educational requirements fo Committee and the terms of the contra	edicine certifies that the teaching activities listed did occur and Internal Medicine as outlined by the Residency Review act.
Chairman	Date
The Rest of this For	n is to be completed by Erlanger Health System
I herby certify that: (i) to the accurate; and (ii) the non-provider site resident's FTEs in its cost reports.	est of my knowledge, information contained in this timesheet is meets the requirements necessary to allow EHS to claim the
Reviewed and Approved:	
EHS Administrator	Date

#### EXHIBIT B

### RESIDENT ROTATION AGREEMENT

For Residency Rotations Where Preceptor Physicians Are Compensated by the University of Tennessee College of Medicine

This Resident Rotation Agreement ("Agreement") is made and entered into by and among Chattanooga-Hamilton County Hospital Authority ("Erlanger") and Galen Medical Group, PC ("Nonprovider Site").

### RECITALS

WHEREAS, University of Tennessee, College of Medicine - Chattanooga Unit ("University") operates a number of approved medical residency programs ("Programs") intended to provide education, training, and clinical experience to residents participating in the Programs ("Residents");

WHEREAS, University and Erlanger have entered into an Affiliation Agreement, dated as of July 1, 1993, as amended from time to time, whereby Erlanger bears the costs of training Residents by reimbursing University for substantially all costs incurred in employing and training Residents, including Resident salaries and fringe benefits;

WHEREAS, the University is involved extensively in the Programs;

WHEREAS, the University employs and contracts with physicians who train Residents and is reimbursed by Erlanger for University's costs relating to physician supervisory training activities with respect to Residents;

WHEREAS, Nonprovider Site operates a site where physicians diagnose and treat patients and is willing to accept Residents for rotations on its premises with supervisory training activities of Residents furnished by physicians compensated by University;

WHEREAS, Erlanger makes claims to the Medicare program for payment of graduate medical education costs and includes time spent by residents in certain nonhospital settings as part of the calculation used to make claims to the Medicare program for these costs;

WHEREAS, Nonprovider Site does not qualify for provider-based status under Medicare Part A:

WHEREAS, in some instances Nonprovider Site may not be a legal entity separate from University or Edanger, but this Agreement is executed by a person responsible for operation of the Nonprovider Site for the purpose of complying with regulations relating to Medicare reimbursement for graduate medical education expenses;

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

Acknowledgement of Payment for Teaching Physicians Costs. Nonprovider Site and
Erlanger acknowledge that Erlanger provides the financial support for the teaching time of
supervising physicians. Erlanger makes payments to University for teaching physician time
to reimburse University's costs for physicians who engage in supervisory training activities
for Residents at Nonprovider Sites. Erlanger's payments to University are negotiated

through a process separate from this Agreement. University, in turn, pays Nonprovider Site for the supervision and training of Residents rotating through Nonprovider Site.

- 2. <u>Nonprovider Site Acknowledgments.</u> Nonprovider Site acknowledges that: (a) University pays Nonprovider Site for the supervision and training of Residents rotating through Nonprovider Site and (b) Erlanger makes no direct payments to Nonprovider Site for the supervision and leaching of Residents rotating to Nonprovider Site.
- 3. Medicare Compliance. Nonprovider Site agrees to assist Erlanger in complying with Medicare laws and regulations regarding Medicare payments to Erlanger for graduate medical education costs related to the Programs, including furnishing supporting documentation regarding Resident rotations and supervising physician activities at Nonprovider Sites. In the event the Medicare regulations are amended, and such amended regulations are in conflict with the provisions contained in this Agreement, this Agreement shall be automatically amended to conform to the new Medicare regulations, which will be set forth in a written amendment executed by the parties.
- 4. Access to Books and Records. Nonprovider Site agrees that until the expiration of four (4) years after the furnishing of any service pursuant to this agreement, it shall make available, upon written request to the Secretary of the Department of Health and Human Services or upon request to the Comptroller General or any of their duly authorized representatives, this Agreement, and books, documents, and records of Nonprovider Site that are necessary to certify the nature and extent of the cost incurred by Nonprovider Site with respect to this Agreement.
- 5. <u>Term.</u> The term of this Agreement shall commence on July 1, 2003 ("Effective Date"), and shall remain in effect for one (1) year through June 30, 2004, subject to its earlier termination in accordance with the terms of this Agreement.
- 6. Renewal and Termination. This Agreement shall automatically renew for successive one-year terms subject to Brianger and University reaching agreement on the budget for graduate medical education activities to be reimbursed by Erlanger to University, provided that this Agreement shall automatically terminate upon; (i) the termination of Erlanger's or the University's involvement in graduate medical education programs; (ii) the closure or sale of the Hospital; (iii) the Nonprovider Site giving sixty (60) days notice of termination or (iv) the closure or sale of Nonprovider Site. At any time, the parties may also mutually agree in writing to terminate this Agreement.
- 7. Governing Law. This Agreement shall be governed by and construed and enforced, in all respects, in accordance with the laws of the State of Tennessee.
- 8. Partial Invalidity. If any provision of this Agreement is found to be invalid or unenforceable by any court, such provision shall be ineffective only to the extent that it is in contravention of applicable law and shall not invalidate the remaining provisions hereof, unless such invalidity or unenforceability would defeat the essential business purpose of this Agreement.
- 9. <u>Notices.</u> All notices which are required or permitted to be given pursuant to this Agreement shall be in writing and shall be sufficient in all respects if delivered personally or by registered or certified mail, postage prepaid, addressed to a party as indicated below:

If to Erlanger:

Erlanger Medical Center



975 East Third St.

Chattanooga, TN 37403
Attention: Mel Tylest, M.D.

If to Nonprovider Site:

Nonprovider Site Gelen Medical Group, PC

6918 Shallowford Road, #302, Chattanooga, TN 37403

Attention: Angie Robinson

10. Multiple Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute but one and the same instrument.

- 11. Non-referrals. Nothing contained herein or in connection with the transactions between the parties contemplated hereby is intended by either party to induce the referral or cross referral of patients by the other party, or to be consideration to the other party for any such referral or cross referral.
- 12. <u>Successors and Assigns.</u> This Agreement and the rights, privileges, duties and obligations of the parties bereunder shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.
- 13. Entire Agreement/Amendment. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the parties. This Agreement may be amended or modified only by a written instrument signed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

Erlanger:
-----------

## Chattanooga-Hamilton County Hospital Authority

By:

Name:

Mel Twiest, M.D.

Title:

Chief Medical Officer

Date:

Nonprovider Site:

By:

Name:

Steven K. Twaddle

Title:

Date:

University of Tennessee:

By:

Raymond H. Colson

TitleVice Chancellor / Administration